

2008 Mental Health Residential Treatment Cost Report

Questions and Answers

Schedule B

- 1) Q. What are Title IV-B Funds listed as Other Federal Funds on Schedule B?
A. These funds pertain to placement of children in suitable adoptive homes.
- 2) Q. Where should I include revenue from the LME?
A. LME revenue should be included on line 10. However, if it is LME revenue for At-Risk services, please separate this amount and include it on line 5c.
- 3) Q. Where do I record Donations?
A. Cash donations should be included on line 9.
- 4) Q. Where are Department of Social Services (DSS) funds entered?
A. DSS funds are entered on line 7 – County Funds.
- 5) Q. Where can I get the Total Expenses amount to put on line 12?
A. This amount comes directly from the Income Statement corresponding to this cost report period. This amount is also automatically carried to Schedule C, line 99b.

Schedules C and C-1

- 6) Q. What are the differences between the Schedules C and C-1?
A. These two schedules have identical line items. Schedule C-1 is specifically for treatment expenses and carries forward to Schedule C. Schedule C includes **all** expenses and **must** tie to the financial statements. All treatment expenses on Schedule C should have Room and Board (R&B) expenses in the corresponding Levels of Care in columns 7 – 11. R&B includes supervision and is also referred to as Program Expenses.
- 7) Q. Why are Non-Allowable Expenses/Exclusions included on the cost report?
A. The Mental Health Residential Treatment Cost Report is an all-inclusive report that requires providers to record **all** operating revenue and expenses. This allows for reconciliation between the cost report and the corresponding financial statements. However, only certain Medicaid-allowable costs and days are used to calculate rates for these Residential Treatment services.

- 8) Q. The LME requires that we carry vehicle insurance for client transportation, which is very costly. Why is this expense not Medicaid-eligible?
- A. Vehicle insurance that is specific to the transportation of the resident for Treatment can be entered on Schedule C-1 line 10 (Other) if the salary for the person providing the transportation is also included on Schedule C-1 lines 2a, 2b or 2c. The portion of the expense that is used to buy groceries, visit school, parents, etc. should not be included. Vehicle insurance may be included on line 54 of Schedule C for the specific Program portions. The Administrative portion may be entered on line 94. However, this portion is excluded from Mental Health Residential Treatment rate setting costs.
- 9) Q. What are the differences between the salaries listed on line items 2a, 2b and 2c compared to those entered on lines 13 and 17?
- A. Line items 2a, 2b, and 2c are for treatment personnel and are clinical in nature.
Line item 13 is for Salaries and Wages related to Daily Supervision and functions which keep the program operational on a day to day basis. Examples include maintenance and food preparation workers and other “non-clinical” activities related to performing the child’s Individualized Service Plan.
Line 17 is for Social Services Salaries and Wages only. This covers functions performed by licensed clinical social workers (LCSWs), including Intake and Case Management and Parent Recruitment/Training.
- 10) Q. Where do I enter salaries for Administrative Staff?
- A. Administrative Staff salaries may be entered on line item 81 for the specific Program Expenses.
- 11) Q. Why are Administrative costs broken out on the Cost Report?
- A. Federal guidelines dictate separation of Administrative expenses from Program expenses as well as breaking out all Fund-Raising including Advertising in support of Fund-Raising.

Schedules D

- 12) Q. Why is Schedule D needed?
- A. Schedule D is required in order for providers to declare Related Party Transactions. It recognizes that some facility staff wear multiple hats, but have salaries indicative of only one function/role. This schedule allows for more parity between large companies who may have more extensive payrolls as opposed to smaller companies.

General Information and Instructions:

- 13) Q. My fiscal year-end is December 31, 2007. If I don't have financial statements in time to complete the cost report by the deadline, what data should I use to complete the cost report?
- A. You are requested to use the financial statements for the most current completed fiscal year end that will allow you to meet the January 31, 2008 deadline. In this case you may choose to report 2006 data.
- 17) Q. Will there be an extension to the January 31, 2008 deadline for submitting the cost report?
- A. There will be **no extensions** to the cost report deadline.
- 18) Q. Will an inflationary factor be applied to 2006 costs reported?
- A. Upon review of the cost data, DMA Rate Setting will make a determination as to any necessary adjustments.
- 19) Q. Why are audited financial statements not required?
- A. Not all providers have audited financial statements and the State does not want to inflict additional financial burden on the providers. For these reasons, unaudited financial statements are also acceptable. In addition, the Division of Medical Assistance Audit Section supports the rate setting process by conducting field audits of randomly selected providers.

For additional information, please refer to the 2008 Instruction Manual. You may also call Deidra Oates in DMA Rate Setting at (919) 855-4202.